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中國三三傳媒集團有限公司
CHINA 33 MEDIA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8087)

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the "**Directors**") of China 33 Media Group Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its posting and the Company's website at www.china33media.com.

The board (the "**Board**") of Directors of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019 (the "**Year**"), together with comparative figures for the corresponding period in 2018. For the reasons explained below under "Review of Unaudited Annual Results", the auditing process for the annual results of the Group has not been completed.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** *RMB'000* **(Unaudited)**	2018 *RMB'000* (Audited)
Revenue	*3*	**79,568**	68,639
Cost of sales		**(72,318)**	(65,743)
Gross profit		**7,250**	2,896
Other income	*5*	**1,482**	600
Other gains and losses, net	*6*	**(16,404)**	(6,083)
Selling and distribution expenses		**(5,520)**	(5,309)
Administrative expenses		**(28,752)**	(23,999)
Provision for firm rights		**(19,888)**	–
Impairment loss for refundable deposits for termination of film investments		**(26,278)**	–
Share of results of a joint venture		**(204)**	(145)
Finance cost	*8*	**(110)**	–
Loss before taxation	*7*	**(88,424)**	(32,040)
Taxation	*9*	**(56)**	(43)
Loss for the year		**(88,480)**	(32,083)
Other comprehensive income, net of income tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**14,840**	20,706
Total comprehensive loss for the year		**(73,640)**	(11,377)
Loss for the year attributable to:			
– Owners of the Company		**(78,780)**	(28,867)
– Non-controlling interests		**(9,700)**	(3,216)
		(88,480)	(32,083)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(63,940)**	(8,161)
Non-controlling interests		**(9,700)**	(3,216)
		(73,640)	(11,377)
		RMB cents	RMB cents
Loss per share	*11*		
Basic and diluted		**(1.37)**	(0.50)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	2019 RMB'000 (Unaudited)	2018 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**8,581**	14,323
Right-of-use assets		**1,893**	–
Interest in a joint venture		**–**	204
Prepayments and deposits		**2,412**	2,620
Prepayment for film and entertainment business		**78,352**	97,222
		91,238	114,369
Current assets			
Film rights		**93,012**	112,442
Trade receivables	*12*	**75,767**	63,461
Prepayments, deposits and other receivables		**23,828**	51,848
Prepayment for film and entertainment business		**110,513**	96,967
Financial assets at fair value through profit or loss		**2,348**	4,022
Pledged bank deposits		**2,968**	2,858
Restricted cash		**86,153**	47,020
Cash and cash equivalents		**18,573**	30,750
		413,162	409,368
Current liabilities			
Trade payables	*13*	**22,090**	15,419
Other payables and accruals		**109,132**	75,637
Contract liabilities		**8,311**	737
Lease liabilities		**1,510**	–
Tax payable		**259**	203
		141,302	91,996
Net current assets		**271,860**	317,372
Total assets less current liabilities		**363,098**	431,741
Non-current liabilities			
Lease liabilities		**387**	–
		387	–
Net assets		**362,711**	431,741
Capital and reserves			
Share capital		**36,721**	36,721
Reserves		**342,677**	403,195
Equity attributable to owners of the Company		**379,398**	439,916
Non-controlling interests		**(16,687)**	(8,175)
Total equity		**362,711**	431,741

NOTES

Year ended 31 December 2019

1. GENERAL

China 33 Media Group Limited (the "Company") is a public limited company incorporated in Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited. Its parent is Lizhong Limited incorporated in the Cayman Islands, and its ultimate parents are Joint Loyal Limited and Broad Win Limited incorporated in British Virigin Islands. Its ultimate controlling parties are Mr. Ruan Deqing ("Mr. Ruan") and Mr. Lin Pintong. Mr. Ruan is also the Chairman and Executive Director of the Company. The addresses of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is Suite 2001, Tower 1, China Hong Kong City, 33 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

The Company's functional currency is Hong Kong dollars ("HK$"). However, the consolidated financial statements are presented in Renminbi ("RMB"), as the directors of the Company consider that RMB is the functional currency of the primary economic environment in which most of the Group's transactions are denominated and settled in and this presentation is more useful for its current and potential investors. The consolidated of financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time in the current year:

IFRS 16	Leases
IFRIC – Int 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle

Except for the new and amendments to IFRSs and interpretations mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs and interpretations will have no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements in the foreseeable future.

IFRS 16 Leases

Transition and summary of effects arising from initial application of IFRS 16

On 1 January 2019, the Group has applied IFRS 16 for the first time in the current year. IFRS 16 superseded IAS 17, and the related interpretations. The Group applied the IFRS 16 in accordance with the transition provisions of IFRS 16.

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC – Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessor

During the year ended 31 December 2019, application of IFRS 16 by the Group as a lessor has no material impact on the Group's consolidated financial statements.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying IFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

ii. applied a single discount rate to a portfolio of leases with a similar remaining term for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties was determined on a portfolio basis;

iii. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension options;

iv. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

v. relied on the assessment of whether leases are onerous by applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets as an alternative of impairment review.

On transition, the Group has made the following adjustments upon application of IFRS 16:

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied by relevant group entities ranged from 5.8% to 6.8%.

	At 1 January 2019 *RMB'000*
Operating lease commitments disclosed as at 31 December 2018	4,480
Less: practical expedient-leases with lease term ending within 12 months from date of initial application	(983)
Less: contracts committed but not yet commenced at 1 January 2019	(3,497)
Lease liabilities as at 1 January 2019	–

On 1 January 2019, there is no impact of transition to IFRS 16 on the assets, liabilities and accumulated losses at the date of initial application.

Issued but not yet effective International Financial Reporting Standard

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts[2]
Amendments to IFRS 3	Definition of a Business[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IAS 1 and IAS 8	Definition of Material[4]
Amendments to IFRS 9 IAS 39 and IFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after a date to be determined

2 Effective for annual periods beginning on or after 1 January 2021

3 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

4 Effective for annual periods beginning on or after 1 January 2020

In addition to the above new and amendments to IFRSs, a revised "Conceptual Framework for Financial Reporting" was issued in 2018. Its consequential amendments, the "Amendments to References to the Conceptual Framework" in IFRS Standards, will be effective for annual periods beginning on or after 1 January 2020. The directors of the Company anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. REVENUE

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
An analysis of the Group's revenue for the year is as follows:		
Printed media advertising income	**1,134**	15,952
Outdoor and digital advertising income	**44,774**	10,107
Film and entertainment investment income	**19,209**	33,079
Prepaid card income	**14,451**	9,501
Total	**79,568**	68,639

All revenue contracts are for period of one year or less, as permitted by practical expedient under IFRS 15, the transaction price allocated to these unsatisfied contacts is not disclosed.

4. SEGMENT INFORMATION

The Group determines its operating segments and measurement of segment profits based on the internal reports to the executive directors, the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment. The Group's reportable and operating segments are as follows:

(a) printed media advertising: sale of advertising spaces in magazines distributed in certain train services in the PRC;

(b) outdoor and digital advertising: income generated from online advertising through mobile applications and websites, etc. As well as sale of advertising spaces on the billboards and LEDs installed at certain railway stations, revenue from promotion campaigns conducted in train stations;

(c) film and entertainment investment: investment for profit sharing on box office of movies and concerts and distribution income of film rights and television drama; and

(d) prepaid card: transaction fees earned from participating service providers for the use of the prepaid cards by cardholders and other card related fees upon the provision of services.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the year ended 31 December 2019

	Printed media advertising *RMB'000* (Unaudited)	Outdoor and digital advertising *RMB'000* (Unaudited)	Film and entertainment investment *RMB'000* (Unaudited)	Prepaid card *RMB'000* (Unaudited)	Consolidated *RMB'000* (Unaudited)
Revenue – external customers	1,134	44,774	19,209	14,451	79,568
Timing of revenue recognition					
At a point in time	–	–	19,209	14,451	33,660
Over time	1,134	44,774	–	–	45,908
	1,134	44,774	19,209	14,451	79,568
Segment profit/(loss)	(1,478)	4,235	(63,708)	(6,516)	(67,467)
Bank interest income					553
Unallocated other income, other gains and losses, net					(1,350)
Share of results of a joint venture					(204)
Share-based payment expenses					(4,610)
Finance cost					(110)
Corporate and other unallocated expenses					(15,236)
Loss before taxation					(88,424)

For the year ended 31 December 2018

	Printed media advertising *RMB'000* (Audited)	Outdoor and digital advertising *RMB'000* (Audited)	Film and entertainment investment *RMB'000* (Audited)	Prepaid card *RMB'000* (Audited)	Consolidated *RMB'000* (Audited)
Revenue – external customers	15,952	10,107	33,079	9,501	68,639
Timing of revenue recognition					
At a point in time	–	–	32,158	9,501	41,659
Over time	15,952	10,107	921	–	26,980
	15,952	10,107	33,079	9,501	68,639
Segment profit/(loss)	1,598	1,769	(3,161)	(11,991)	(11,785)
Bank interest income					153
Unallocated other income, other gains and losses, net					(4,641)
Share of results of a joint venture					(145)
Corporate and other unallocated expenses					(15,622)
Loss before taxation					(32,040)

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment result represents the profit/(losses) earned or loss incurred by each segment without allocation of bank interest income, certain other income and other gains and losses, net, financial assets at fair value through profit or loss, loss on disposal of property, plant and equipment, share of results of a joint venture, share-based payment expenses and corporate and other unallocated expenses. Corporate and other unallocated expenses included selling and distribution expenses, administrative expenses and other operating expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

At 31 December 2019

	Printed media advertising *RMB'000* (Unaudited)	Outdoor and digital advertising *RMB'000* (Unaudited)	Film and entertainment investment *RMB'000* (Unaudited)	Prepaid card *RMB'000* (Unaudited)	Consolidated *RMB'000* (Unaudited)
Segment assets	**1,301**	**20,245**	**335,204**	**8,740**	**365,490**
Interest in a joint venture					**–**
Financial assets at fair value through profit or loss					**2,348**
Amount due from a former subsidiary					**105**
Corporate and other unallocated assets					**28,763**
Pledged bank deposits					**2,968**
Restricted cash					**86,153**
Cash and cash equivalents					**18,573**
Consolidated assets					**504,400**
Segment liabilities	**3,457**	**21,216**	**170**	**84,103**	**108,946**
Corporate and other unallocated liabilities					**32,743**
Consolidated liabilities					**141,689**

At 31 December 2018

	Printed media advertising *RMB'000* (Audited)	Outdoor and digital advertising *RMB'000* (Audited)	Film and entertainment investment *RMB'000* (Audited)	Prepaid card *RMB'000* (Audited)	Consolidated *RMB'000* (Audited)
Segment assets	1,753	10,972	397,171	3,127	413,023
Interest in a joint venture					204
Financial assets at fair value through profit or loss					4,022
Amount due from a former subsidiary					105
Corporate and other unallocated assets					25,755
Pledged bank deposits					2,858
Restricted cash					47,020
Cash and cash equivalents					30,750
Consolidated assets					523,737
Segment liabilities	5,537	3,165	166	49,933	58,801
Corporate and other unallocated liabilities					33,195
Consolidated liabilities					91,996

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments other than property, plant and equipment, financial assets at fair value through profit or loss, amount due from a former subsidiary, interests in a joint venture, certain prepayments, deposits and other receivables, pledged bank deposits, restricted cash and cash and cash equivalents; and
- all liabilities are allocated to operating and reportable segments other than certain other payables, and tax payable.

Other segment information

For the year ended 31 December 2019

	Printed media advertising *RMB'000* **(Unaudited)**	**Outdoor and digital advertising** *RMB'000* **(Unaudited)**	**Film and entertainment investment** *RMB'000* **(Unaudited)**	**Prepaid card** *RMB'000* **(Unaudited)**	**Consolidated** *RMB'000* **(Unaudited)**
Amounts included in the measure of segment results or segment assets					
Allowance for expect credit losses on trade receivables	**30**	**1,024**	**15,717**	**51**	**16,822**
Reversal of allowance for expect credit losses on trade receivables	**(1,300)**	**(2,104)**	**–**	**(17)**	**(3,421)**
Allowance for expect credit losses on deposits and other receivables	**34**	**737**	**31**	**–**	**802**
Reversal of allowance for expected credit losses on other receivables	**–**	**(79)**	**–**	**–**	**(79)**
Advertising agency fee and production expenses	**3,849**	**40,961**	**–**	**–**	**44,810**
Provision for firm rights	**–**	**–**	**19,888**	**–**	**19,888**
Impairment loss for refundable deposits for termination of film investments	**–**	**–**	**26,278**	**–**	**26,278**

For the year ended 31 December 2018

	Printed media advertising *RMB'000* (Audited)	Outdoor and digital advertising *RMB'000* (Audited)	Film and entertainment investment *RMB'000* (Audited)	Prepaid card *RMB'000* (Audited)	Consolidated *RMB'000* (Audited)
Amounts included in the measure of segment results or segment assets					
Allowance for expect credit losses on trade and bills receivables	95	150	2,049	–	2,294
Reversal of allowance for expect credit losses on trade and bills receivables	(1,273)	–	(48)	–	(1,321)
Allowance for expect credit losses on deposits and other receivables	–	–	270	–	270
Advertising agency fee and production expenses	12,514	8,188	–	–	20,702

Geographical information

Information about the Group's revenue from external customers presented based on the locations of customers, and information about the Group's non-current assets presented based on the geographical location of the assets and the business carried out by a joint venture are summarised below.

	Revenue from external customers		**Non-current assets**	
	2019	2018	**2019**	2018
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
Hong Kong	**25,906**	34,144	**5,728**	3,060
Overseas	**6,168**	8,436	**–**	–
The PRC	**47,494**	26,059	**85,510**	111,309
	79,568	68,639	**91,238**	114,369

Note: Non-current assets excluded financial assets.

Information about major customers

For the year ended 31 December 2019, revenue generated from one (2018: two) customer of the Group from film and entertainment investment and one (2018: Nil) customer from outdoor and digital advertising amounting to approximately RMB11,455,000 (2018: RMB32,158,000) and RMB15,212,000 (2018: Nil) respectively has accounted for over 10% of the Group's total revenue.

Revenue from major customers, amounted to 10% or more of the Group's revenue are set out below:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Customer A	**11,455**	23,722
Customer B	**–***	8,436
Customer C	**15,212**	–
	26,667	32,158

* *The customers contributed less than 10% of the total revenue of the Group.*

5. OTHER INCOME

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Bank interest income	**553**	153
Government grants *(Note (i))*	**–**	60
Others *(Note (ii))*	**929**	387
	1,482	600

Note:

(i) There are no unfulfilled conditions or contingencies relating to the government grants.

(ii) Included the amount contributed by the other income received from managing a prepaid card sales counter for a co-branded partner amounted to approximately RMB 750,000 (2018: RMB 353,000)

6. OTHER GAINS AND LOSSES, NET

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Allowance for expect credit losses on refundable deposits for termination of film investment	**–**	270
Allowance for expect credit losses on trade receivable	**16,822**	2,294
Reversal of allowance for expect credit losses on trade receivable	**(3,421)**	(1,321)
Allowance for expected credit losses on other receivables	**802**	–
Reversal of allowance for expected credit losses on other receivables	**(79)**	–
Loss on disposal of property, plant and equipment	**453**	296
Net exchange loss	**305**	50
Fair value change of financial assets at fair value through profit or loss	**1,611**	4,660
Others	**(89)**	(166)
	16,404	6,083

7. LOSS BEFORE TAXATION

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loss before taxation has been arrived at after charging:		
Auditors' remuneration	**749**	717
Depreciation of property, plant and equipment	**2,482**	3,280
Depreciation on right-of-use assets	**1,261**	–
Employee benefit expense (including directors' emoluments)		
Salaries, bonuses and other benefits	**8,861**	11,129
Contributions to retirement benefits schemes	**728**	1,072
Total employee benefit expenses	**9,589**	12,201
Advertising agency fees and production expenses for printed media and outdoor and digital advertising (included in cost of sales)	**44,810**	20,702
Minimum lease payments under operating leases on buildings	**–**	3,187
Share-based payment expenses	**4,610**	–
Payment to short-term lease	**1,023**	–

8. FINANCE COST

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Interest expense on lease liabilities	**110**	–

9. TAXATION

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current tax:		
PRC Enterprise Income Tax	**56**	43

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group has no assessable profit in Hong Kong for both years.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment.) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK$2,000,000 will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the People's Republic of China in Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

10. DIVIDENDS

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2019 (2018: nil).

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2019	2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loss for the purpose of basic and diluted loss per share (Loss for the year attributable to owners of the Company)	**(78,780)**	(28,867)

	Number of shares	
	2019	2018
	'000	*'000*
	(Unaudited)	(Audited)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**5,760,000**	5,760,000

The calculation of the diluted loss per share for both years did not assume the exercise of the Company's outstanding share options as the effect is anti-dilutive.

12. TRADE RECEIVABLES

Trade receivables

	2019 ***RMB'000*** **(Unaudited)**	2018 *RMB'000* (Audited)
Trade receivables	**118,304**	92,597
Less: Allowance for expected credit losses	**(42,537)**	(29,136)
	75,767	63,461

The Group's credit terms with its customers generally range from 30 days to 365 days.

	2019 ***RMB'000*** **(Unaudited)**	2018 *RMB'000* (Audited)
Trade receivables:		
Within 90 days	**25,739**	30,140
91 – 180 days	**4,853**	4,276
181 – 365 days	**7,429**	484
Over 1 year	**37,746**	28,561
	75,767	63,461

13. TRADE PAYABLES

Trade payables

The normal credit period on trade payables is generally ranged from 30 days to 180 days.

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2019 ***RMB'000*** **(Unaudited)**	2018 *RMB'000* (Audited)
Within 90 days	**15,800**	7,681
91 – 180 days	**128**	100
Over 180 days	**6,162**	7,638
	22,090	15,419

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's revenue for the Year amounted to approximately RMB79,568,000, representing an increase of approximately RMB10,929,000 or 15.9% as compared to that of last year of approximately RMB68,639,000. The Group recorded a total comprehensive loss attributable to owners of the Company for the Year of approximately RMB63,940,000, representing an increase of approximately RMB55,779,000 or 683.5% as compared to that of last year of approximately RMB8,161,000.

REVENUE BY SEGMENT

Analysis of revenue by segment is as follows:

	2019 ***RMB'000*** **(Unaudited)**	2018 *RMB'000* (Audited)	**Change (%)**	**2019** **% of total revenue**	2018
Printed media advertising	**1,134**	15,952	(92.9)	**1.4**	23.2
Outdoor and digital advertising	**44,774**	10,107	343.0	**56.3**	14.7
Film and entertainment investment	**19,209**	33,079	(41.9)	**24.1**	48.2
Prepaid card	**14,451**	9,501	52.1	**18.2**	13.9
	79,568	68,639	15.9	**100.0**	100.0

Printed Media Advertising

With downsizing of the printed media advertising since 2016 resulting in a significant drop in revenue, printed media advertising becomes a niche segment of the Group. Revenue from printed media advertising mainly represented the amount generated from the sales of the advertising space on the periodicals and was recognised upon the publication of the periodicals in which the respective advertisement was placed. "旅伴" (Fellow Traveller) is a monthly nationwide periodicals distributed on China Railway High-speed ("CRH") trains and selected regular trains in the PRC. Revenue from placing advertising on "旅伴" (Fellow Traveller) was the only source of revenue for the printed media advertising segment for the Year.

Revenue from printed media advertising decreased by approximately RMB14,818,000 or 92.9% from approximately RMB15,952,000 for the year ended 31 December 2018 to approximately RMB1,134,000 for the Year. The decrease was mainly due to decrease in number of customers placing advertisements in periodical "旅伴" (Fellow Traveller).

Outdoor and Digital Advertising

Revenue from outdoor advertising represented the advertising income generated from the sales of advertising spaces on the billboards and LEDs installed at certain selected train stations and revenue from promotion campaign conducted in some train stations. Revenue was recognised when advertising was published or station campaigns were launched.

The Group acquired a new advertising business in 2019－the digital advertising. Digital advertising income was recognized when advertising was published, and the income was based on the marketing value generated through the recognition of transaction volume, service fees for advertising design, analysis, planning and other services provided in the process.

Revenue from outdoor and digital advertising increased by approximately RMB34,667,000 or 343.0% from approximately RMB10,107,000 for the year ended 31 December 2018 to approximately RMB44,774,000 for the Year. The increase was mainly due to increased income generated from newly acquired advertising business.

Film and Entertainment Investment

Revenue from film and entertainment investment represents profit sharing on box office of movies and concerts and distribution income of film rights and television drama. Revenue from the distribution of film rights and entertainment was recognised when (i) the Group's entitlement to such payments has been established which was upon the delivery of the master copy or materials to the customers, and (ii) the collectability of proceeds was reasonably assured. Revenue from film and entertainment investment decreased by approximately RMB13,870,000 or 41.9% from approximately RMB33,079,000 for the year ended 31 December 2018 to RMB19,209,000 for the Year. The frequency of income from film and entertainment investment was highly depending on the production status and the market trend for the respective periods. The reason for reduction in revenue was an entertainment show cannot obtain the broadcasting permit in the PRC, so the distribution income was reduced.

Prepaid Card

The Group obtained the Stored Value Facilities License ("SVF License") in November 2016. Revenue from prepaid card mainly represents the transaction fees recognised when the prepaid cardholders made payments of fares using the prepaid card and the card related fees when the service was provided. Revenue from prepaid card business increased by approximately RMB4,950,000 or 52.1% from approximately RMB9,501,000 for the year ended 31 December 2018 to approximately RMB14,451,000 for the Year. This was due to significant increase in both number and amount of prepaid cards sold in 2019 when compared with that of last year, in particular the card management fee received with growing volume of prepaid card sold.

SEGMENT RESULTS AND PROFIT/(LOSS) MARGIN OF SEGMENT

Analysis of segment results is as follows:

	Revenue		Cost		Segment results		Change	
	2019	2018	**2019**	2018	**2019**	2018		
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	%
	(Unaudited)	(Audited)			**(Unaudited)**	(Audited)		
Printed media advertising	**1,134**	15,952	**2,612**	14,354	**(1,478)**	1,598	**(3,076)**	(192.5)
Outdoor and digital advertising	**44,774**	10,107	**40,539**	8,338	**4,235**	1,769	**2,466**	139.4
Film and entertainment investment	**19,209**	33,079	**82,917**	36,240	**(63,708)**	(3,161)	**(60,547)**	1,915.4
Prepaid card	**14,451**	9,501	**20,967**	21,492	**(6,516)**	(11,991)	**5,475**	(45.7)
	79,568	68,639	**147,035**	80,424	**(67,467)**	(11,785)	**(55,682)**	472.5

During the Year, the segment results of printed media advertising recorded a segment loss of approximately RMB1,478,000, representing a decrease of approximately 192.5% as compared to segment profit of approximately RMB1,598,000 for last year. The decrease in segment margin was due to the significant reduction in number of customers.

Segment results of outdoor and digital advertising recorded a segment profit of approximately RMB4,235,000 for the Year, representing an increase of approximately 139.4% as compared to that of approximately RMB1,769,000 for last year. The improvement in segment result was contributed by the more income generated from the new digital advertising in 2019.

Segment loss from film and entertainment business for the Year amounted to approximately RMB63,708,000, representing a significant increase of approximately RMB60,547,000 or 1,915.4% as compared to that of last year. It was mainly due to the provision for film rights of approximately RMB19,888,000 made to an entertainment show which cannot obtain the broadcasting permit in the PRC and the impairment loss for refundable deposits for termination of film investments of approximately RMB26,278,000 recognised based on the impairment assessment performed by the Group.

Segment loss from prepaid card business for the Year amounted to approximately RMB6,516,000, representing a decrease of approximately RMB5,475,000 or 45.7% as compared to that of last year, which was approximately RMB11,991,000. The improved segment result was contributed by increased number of prepaid cards sold and amount of prepaid cards sold bringing more transaction related services fees, as well as more card management fee received with growing volume of prepaid card sold.

Overall, there was an increase in the segment loss of approximately RMB55,682,000 to loss of RMB67,467,000, representing an increase of approximately 472.5% from approximately RMB11,785,000 as compared to that of last year mainly due to the increased revenue offset by the provision for film rights and impairment loss for refundable deposits for termination of film investments recognised during the Year.

Analysis of profit/(loss) margin of segment is as follows:

	Profit/(loss) margin of segment	
	2019	2018
	%	%
Printed media advertising	**(130.3)**	10.0
Outdoor and digital advertising	**9.5**	17.5
Film and entertainment investment	**(331.7)**	(9.6)
Prepaid card	**(45.1)**	(126.2)
Loss margin of all segments	**(84.8)**	(17.2)

Profit margin of printed media advertising segment has decreased from approximately 10.0% for last year to loss margin of approximately 130.3% for the Year due to the significant reduction in number of customers and the revenue was not able to cover the fixed cost.

Profit margin of outdoor and digital advertising segment decreased from approximately 17.5% last year to approximately 9.5% for the Year. The reduction in segment margin was due to the new digital advertising business has a lower profit margin than station campaigns conducted last year.

The segment on film and entertainment investment has a loss margin increased from approximately 9.6% last year to approximately 331.7% for the Year, due to the provision for film rights and impairment loss for refundable deposits for termination of film investments recognised during the Year.

Loss margin for prepaid card decreased from approximately 126.2% for the last year to approximately 45.1% for the Year. The reason for the improvement in loss margin was contributed by more Unionpay prepaid card sold which has a higher profit margin, and increased in card and transaction related income due to more card sold when compare to last year.

The overall loss margin as a whole increased from approximately 17.2% for last year to approximately 84.8% for the Year.

OTHER INCOME

There was other income of approximately RMB1,482,000, compared to last year of RMB600,000. The increase was mainly contributed by the other income received from managing a prepaid card sales counter for a co-branded partner.

COST OF SALES

Cost of sales mainly consists of production cost for film and entertainment projects, agency fee for advertising medium, prepaid card transaction processing costs and direct labor cost. Cost of sales increased from approximately RMB65,743,000 for last year to RMB72,318,000 for the Year, representing an increase of approximately 10.0%. The increase was mainly contributed by the increased cost, in particular the agency and production cost driven by the new digital advertising business.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses mainly include advertising expenses, salaries, commissions to sales staff and travelling and related expenses. It accounted for approximately 7.7% and 6.9% of the Group's total revenue for the years ended 31 December 2018 and 2019, respectively. The amount increased by approximately 4.0% from approximately RMB5,309,000 for last year to approximately RMB5,520,000 for the Year. The increased in the selling expense was mainly due to the increase in the promotion expenses for the digital advertising business, off-set by reduction in the sales commission to the sales staff, as there was no commission scheme for the segments on digital advertising and film and entertainment business.

ADMINISTRATIVE EXPENSES

Administrative expenses mainly consists of salaries, depreciation of fixed assets, rental expense and legal and professional fees. Administrative expenses increased by approximately 19.8% from approximately RMB23,999,000 for the last year to approximately RMB28,752,000 for the Year. The increase in administrative expense was mainly due to the share option expenses for the options granted during the Year.

OTHER GAINS AND LOSSES

Other gains and losses increased by approximately 169.7% from approximately of RMB6,083,000 to approximately RMB16,404,000. The increase was mainly contributed by the increase in allowance for expect credit losses on trade receivable due to the higher expected credit loss rates as compared to last year.

INCOME TAX EXPENSE

The income tax expense of the Group for the Year was approximately RMB56,000 (2018: RMB43,000) at the effective tax rate of 0.1% (2018: 0.1%).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2019, the Group's cash and cash equivalents, including bank balances and cash on hand, and short-term bank deposits with original maturities of more than three months, amounted to approximately RMB18,573,000, representing a decrease of approximately RMB12,177,000 or 39.6%, as compared to approximately RMB30,750,000 as at 31 December 2018.

As at 31 December 2019, the current ratio was approximately 2.92 (2018: 4.45) and the gearing ratio of the Group was approximately 0.08 (2018: 0.03) which was calculated based on the Group's net debt divided by the equity attributable to owners of the Company plus net debt. The Group satisfied its working capital needs principally from internally generated cash flow from operating activities.

PLEDGE OF ASSETS

As at 31 December 2019, the Group has approximately RMB2,968,000 (2018: RMB2,858,000) pledged bank deposits to secure a banking facility, denominated in HKD.

RESTRICTED CASH

As at 31 December 2019, the Group has approximately RMB86,153,000 (2018: RMB47,020,000) monies received from sale and reloading of prepaid cards maintained in one or more segregated bank accounts. The increase in restricted cash by approximately 83.2% when compared to last year's was contributed by increase in the amount of prepaid cards sold.

CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have any significant contingent liabilities (2018: Nil).

CAPITAL COMMITMENTS

As at 31 December 2019, the Group did not have any significant capital commitments (2018: Nil).

TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY AND NET LOSS MARGIN

Total comprehensive loss attributable to the owners of the Company for the Year amounted to approximately RMB63,940,000, representing an increase of approximately RMB55,779,000 or 683.5%, as compared to approximately RMB8,161,000 for last year. Net loss margin of the Group was approximately 111.2% as compared to approximately 46.7% for last year.

CAPITAL STRUCTURE

During the Year, the Group had net assets of approximately RMB362,711,000 (2018: RMB431,741,000), comprising non-current assets of approximately RMB91,238,000 (2018: RMB114,369,000), and current assets of approximately RMB413,162,000 (2018: RMB409,638,000). The Group recorded a net current asset position of approximately RMB271,860,000 (2018: RMB317,372,000), which primarily consists of film rights amounted to approximately RMB93,012,000 (2018: RMB112,442,000), prepayment for film and entertainment business amounted to approximately RMB110,513,000 (2018: RMB96,967,000), cash and bank equivalents, restricted cash and bank deposits amounted to approximately RMB107,694,000 (2018: RMB80,628,000), prepayments, deposits and other receivables amounted to approximately RMB23,828,000 (2018: RMB51,848,000), financial assets at fair value through profit or loss amounted to approximately RMB2,348,000 (2018: RMB4,022,000) and trade receivables amounted to approximately RMB75,767,000 (2018: RMB63,461,000). Major current liabilities were trade payables, other payables and accruals and contracted liabilities amounted to approximately RMB22,090,000 (2018: RMB15,419,000), approximately RMB109,132,000 (2018: RMB75,637,000) and approximately RMB8,311,000 (2018: 737,000), respectively. The Group has no bank borrowings.

FOREIGN EXCHANGE RISK

The Group mainly operates in the PRC with most of the transactions settled in Renminbi for media business, while film and entertainment investment and prepaid card business were mainly settled in Hong Kong Dollars. Part of the Group's cash and bank deposits are denominated in Hong Kong Dollars and Renminbi. The Directors consider that the Group's risk in foreign exchange is insignificant. During the Year, the Group did not hedge any exposure in foreign currency risk.

HUMAN RESOURCES

As at 31 December 2019, the Group employed a total of 51 employees (2018: 40 employees) situated in the PRC and Hong Kong. The increase was mainly due to the headcounts for the new digital advertising business. The Group's emolument policy is formulated based on industry practices and performance of individual employees. During the Year under review, the total staff costs (including Directors' emoluments) amounted to approximately RMB9,589,000 (2018: RMB12,201,000).

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group had no significant investments, material acquisition or disposal of subsidiaries, associates and joint ventures during the Year. The Group has no specific plan for material investments or capital assets as at 31 December 2019.

PROSPECTS

Looking ahead to 2020, the Group will continue to focus on its business development on various segments, in particular the newly acquired online advertising business. However, the Group expects will face tough challenges from fast changing economic conditions, and the global outbreak of Coronavirus Disease 2019 (COVID-19). The Group estimates that in light of the current special circumstances, the financial performance of the Group may be affected by the COVID-19 outbreak in year of 2020, especially in the film and entertainment segment and prepaid card business. However, the Group believes that the current economic will give opportunities for the online advertising media, in the view that merchant will try to promote their products and services more intensively than before after the COVID-19 pandemic. The Group and its management and employees will continue to work as a whole to cope with the situation, strengthen cost control and adopt appropriate measures to develop our business in year ahead.

CORPORATE GOVERNANCE PRACTICES

Recognising the importance of a listed company's responsibilities to enhance its transparency and accountability, the Company is committed to maintain a high standard of corporate governance in the interests of its shareholders. The Company devotes to best practice on corporate governance and to comply, to the extent practicable, with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules. Except for the following deviations, the Directors consider that the Company has complied with the CG Code during the year ended 31 December 2019.

Code provision A.4.1 of the CG Code stipulates that the non-executive directors should be appointed for a specific term and subject to re-election. Ms. Yu Shun Yan Verda and Mr. Yau Kit Yu, being the independent non-executive Directors, are not appointed for a specific term but are subject to retirement by rotation and re-election under the articles of association of the Company.

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend annual general meetings. Due to other business engagement, the chairman, Mr. Ruan Deqing, was unable to attend the annual general meeting of the Company held on 17 May 2019.

The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements and to meet the rising expectations of shareholders of the Company and investors.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all the Directors, all the Directors confirmed that they have complied with the code of conduct and the required standard of dealings concerning securities transactions by the Directors during the Year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MAJOR EVENTS AFTER THE YEAR

Since January 2020, the outbreak of COVID-19 has impacted the global business environment. Pending the development and spread of COVID-19 subsequent to the date of the financial statements, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of this announcement. The Group will continue to monitor the development of COVID-19 and react actively to its impact on the financial position and operating results of the Group.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") on 17 December 2010 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the CG Code. The primary duties of the Audit Committee are mainly to review the material investment, capital operation and material financial system of the Company; to review the accounting policy, financial position and financial reporting procedures of the Company; to communicate with external audit firms; to assess the performance of internal financial and audit personnel; to review the risk management and the internal control systems of the Company; and to perform the corporate governance functions under Paragraph D.3.1 of the CG Code.

As at 31 December 2019, the Audit Committee has three members comprising Ms. Tay Sheve Li (Chairperson of the Audit Committee), Ms. Yu Shun Yan Verda and Mr. Yau Kit Yu. The Group's final results for the year ended 31 December 2019 had been reviewed by the Audit Committee. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and that adequate disclosure have been made.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the Year has not been completed as at the date of this announcement due to travel and work restrictions as a result of the outbreak of COVID-19. The unaudited consolidated results of the Group for the Year contained herein have been reviewed by the audit committee but have not been agreed with the Company's auditor. An announcement relating to the Company's audited results for the Year will be published when the auditing process has been completed in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF ANNUAL REPORT AND AUDITED ANNUAL RESULTS

While the completion of the auditing process depends on the travel restrictions and quarantine arrangements in relation to the COVID-19 pandemic, it is therefore difficult to estimate a completion date for the auditing process with reasonable preciseness. However, the Group is closely monitoring the current situations in respect of the travel restrictions and quarantine arrangements both in Hong Kong and the PRC, and hopefully, expects to publish the Company's annual report and the audited annual results of the Group for the Year by 14 May 2020 in accordance with further guidance on the joint statement issued by the Stock Exchange and the Securities and Futures Commission dated 16 March 2020. Further announcement(s) will be made as and when appropriate.

By Order of the Board
China 33 Media Group Limited
Ruan Deqing
Chairman and Executive Director

Hong Kong, 30 March 2020

As at the date of this announcement, the executive Directors are Mr. Ruan Deqing (Chairman), Mr. Peng Lichun and Mr. Ma Pun Fai; and the independent non-executive Directors are Ms. Tay Sheve Li, Ms. Yu Shun Yan Verda and Mr. Yau Kit Yu.